$1.25 a copy; $55 a year

Monday, December 30, 1985

Advertising Age

Crain's International Newspaper of Marketing © Entire contents copyright 1985 by Crain Communications Inc. All rights reserved.

FORECAST & REVIEW

Top events of '85—P. 2
Forecasting for '86—P. 2
Newsmakers of '85- –P. 3
'85's hot products—P. 3

Polaroid puts BBDO in focus

By STEWART ALTER

There was a most welcome gift for BBDO Inc. president Tom Clark on Christmas Day: A phone call from Peter Eichorn, Polaroid Corp.'s vp-North American marketing operations, telling him BBDO had won Polaroid's estimated $45 million consumer-photography account.

Pitching the account besides BBDO were Della Femina, Travisano & Partners; Needham Harper Worldwide, and Ogilvy & Mather, all New York. O&M recently had won the Polaroid account in Latin America (AA, Dec. 23), consolidating its position as the agency for all Polaroid business outside the U.S.

Cambridge, Mass.-based Polaroid had announced that it was considering those four agencies for its new 7000 photographic system, and possibly for the whole consumer-photography account as well. Ally & Gargano, New York, the incumbent, resigned the business rather than participate in the review (AA, Nov. 4). Ad spending for that new system is expected to be about $30 million.

The four agencies made creative presentations on how they would handle the 7000 system, said Mr. Clark. "We didn't show an array of creative ideas. We showed one creative concept which we extended and recommended that they do," he said of BBDO's approach, noting that the advertising

(Continued on Page 30)

Yule sales end with a flourish

An Advertising Age roundup

When the number crunchers add up their Christmas sales figures, most retail chain stores are expected to show increases of 6% to 8% compared with last year.

But while sales gains were posted over a sluggish 1984, major retailers found that their yuletide "season" was basically confined to four days—the two days right after Thanksgiving and the last two days before Christmas.

There were six fewer shopping days between Thanksgiving and Christmas this year, but the strong surge in last-minute shopping boosted sales over year-ago figures in most cases. And retailers, who a year ago had to improvise special sales and promotions just to drum up consumer traffic, this year planned their promotions, but had to ride out the anxiety of generally

(Continued on Page 30)

Last Minute News

Y&R ends year with $12M win from AHP

NEW YORK—American Home Products' American Home Foods and Boyle-Midway divisions have assigned Mama Leone's jarred pasta and Holiday insecticides, respectively, to Young & Rubicam. Y&R wins an estimated $10 million to $12 million in billings. The Mama Leone's line is a new product that has been quietly testing in the burgeoning jarred pasta category (AA, Dec. 2). The line, which had no previous agency of record, will be expanded into regional and then national distribution, eventually

(Continued on Page 8)

NEWSPAPER

Adman of the year

GM's visionary

Roger Smith steers drive to market-oriented future

By JESSE SNYDER

Roger Bonham Smith, a General Motors Corp. chairman who pictures himself as an explorer leading an odyssey into the 21st Century, is ADVERTISING AGE's 1986 Adman of the Year.

It is not a commanding on-air presence that won this honor for Mr. Smith. Instead, it's his long-range vision, his efforts to give the world's largest manufacturing company a new marketing orientation and his determination to overcome formidable obstacles and internal inertia.

He has embraced a view of the world that Detroit-based GM and other U.S. auto makers will inherit, and stamped his vision on every aspect of the $90 billion company.

Unlike 1983 Adman of the Year Lee Iacocca, whose series of commercials as Chrysler chairman made him America's most recognizable businessman and a symbol of Chrysler's resurgence, Mr. Smith rarely involves himself in GM's advertising.

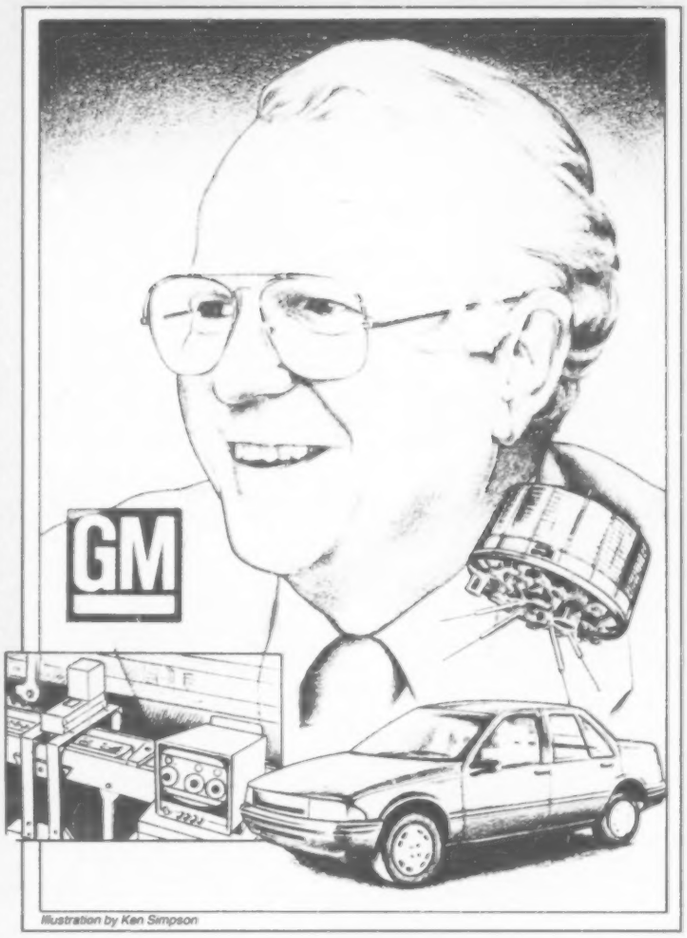


Illustration by Ken Simpson

But he made an exception for "The GM Odyssey: Science, not fiction," a new corporate campaign now breaking via N W Ayer.

"I may have had a little bit to do with the theme of that one—not the words but the direction," Mr. Smith said. "I'm done with 'sweating the details.' Now I want to move on to the 21st Century."

With a slight build, wire-rim glasses and high-pitched voice, Mr. Smith is an unlikely looking explorer.

Intellectually, however, he is as suited to this corporate-world quest as any pith-helmeted jungle explorer of a century ago. He is curious, eager to try new ideas, willing to abandon a position of comfort.

And like a practiced explorer of untraveled terrain, he weighs risks against potential gains, learns from his mistakes and hires experienced guides.

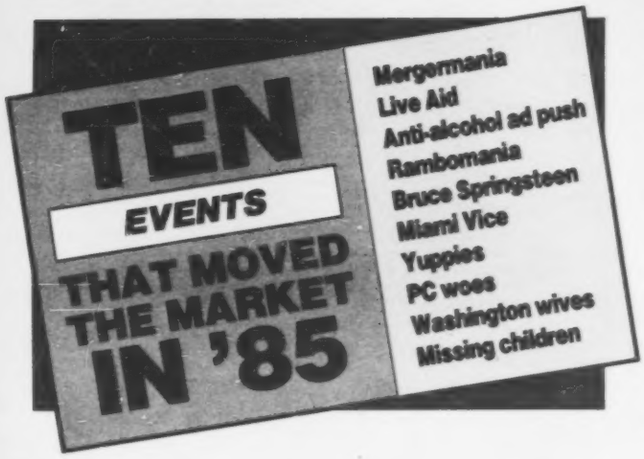
Since taking over as chairman on Jan. 1, 1981, Mr. Smith has steadily moved GM toward the global, technology-based, marketing-oriented shape he envisions. Along the way, he is changing the rules on how cars will be produced and sold by the entire industry.

Mr. Smith has reorganized GM's truck operations and car operations into two groups, emphasizing marketing as a guide to product development and allowing car division managers to go outside GM for vehicles.

In his first two years as chairman, he pared 27,000 white-collar and 172,000 blue-collar jobs to streamline the company. GM's Media Council, created in his third year as chairman, has scrutinized advertising agency relationships, ad efficiencies and effectiveness, as well as development of improved in-house marketing and advertising expertise.

Mr. Smith also has aggressively purchased high-technology companies such as Electronic Data Systems, Dallas, and Hughes Aircraft, El Segundo, Cal. These companies—specializing in computing, aerospace, machine-vision, financial services and tele-

(Continued on Page 28)



Acquisitions & mercy missions top '85 events

From a year chock full of news, Advertising Age selected these 10 marketing-related events as the most newsworthy.

FORECAST & REVIEW

The year 1985 will likely be remembered as the year Wall Street moved into the corporate offices of some of the nation's largest companies and served notice that no public company, no matter how large, was safe from takeover.

More than $41.1 billion was spent on or committed to **mergers and acquisitions** of consumer-products companies, airlines and media companies. There was another $6 billion to $7 billion in takeovers that eventually were aborted, led by Ted Turner's unsuccessful $5.4 billion bid to acquire CBS.

Three megamergers—R.J. Reynolds Industries' $5.25 billion merger with Nabisco Brands, Philip Morris Cos.' $5.7 billion merger with General Foods Corp. and Procter & Gamble's $1.55 billion acquisition of Richardson-Vicks—saw the title of the nation's largest national advertiser change hands three times in three months. The combined RJR/Nabisco, with an estimated $1.01 billion in measured and unmeasured ad spending in 1984, eclipsed longtime leader P&G. PM/GF then checked in at $1.02 billion. But scarcely days later, P&G's marriage to R-V retook the title with an estimated $1.03 billion in spending.

The megamergers set executives at several agencies on edge with fears that so-called "soft" conflicts would lead to a major reshuffling of account responsibilities. Many observers believe that reshuffling will occur in 1986.

Here's a partial scorecard on who bought what, or who tried to buy what, during 1985:

FEBRUARY: Greyhound Corp. acquires the consumer-products division of Purex Industries for $264 million.

MARCH: Rupert Murdoch buys a half interest in 20th Century Fox Film Corp. for $162 million and an $88 million loan. . .Capital Cities Communications agrees to merge with American Broadcasting Co. in a $3.5 billion deal. . .Ted Turner launches his ill-fated $5.4 billion

(Continued on Page 23)

Our 10 predictions for hot topics in '86

There will be plenty of surprises for all in 1986, but here are 10 areas where Advertising Age editors see news apoppin' next year.

Pfizer Inc.'s search for an agency to handle **consumer-targeted prescription drug campaigns** may be a sign of the times as the pharmaceutical industry maneuvers to get a handle on the government's newly relaxed attitude toward drug advertising.

The three drugs Pfizer wants to advertise directly to consumers include what many feel will be the advertising pioneers among prescription drugs: Medications for arthritis and heart diseases. Those ailments afflict a large number of consumers—large enough, perhaps, to justify the additional costs of consumer advertising.

Although some in government agencies, including senior staffers at the Federal Trade Commission and Food & Drug Administration, are pushing for more advertising on the theory that it will heighten competition and lower prices, the prevailing industry sentiment seems to be of the opposite view: More ads mean higher marketing costs and lower revenues.

The drugs Pfizer is most interested in bringing to the consumer ad stream include Procardia (heart), Feldene (arthritis) and Minipress (hypertension).

Merrell Dow is perhaps the most active in the direct-to-consumer business, first with a wide campaign for Nicoret, an anti-smoking aid, and then for Seldane, an antihistamine without the usual drowsiness side effects.

FDA deputy commissioner John Norris has said there are a number of drugs for which direct-to-consumer advertising would work well, another number for which its use would be questionable and a third group for which it would neither work nor be allowed.

But the FDA has not yet shed any clear light on which drugs fall into which of those three categories and, until it does, the prescription-drug marketers must tread lightly.

Some of the biggest automotive news in 1986 is likely to come in small packages—**small cars** from unlikely places such as Yugoslavia, Korea and Greece.

Yugo America, Montvale, N.J., fired the first shot in the entry-level car war with its August introduction of the $3,990 Yugo GV built in Yugoslavia by Zavodi Crvena Zastava.

Korea's Hyundai Corp., already the top import nameplate in Canada, plans to introduce its mid-$5,000 Excel subcompact in the U.S. Feb. 15.

FORECAST & REVIEW

Another Korean manufacturer, Daewoo Motors, will supply General Motors' Pontiac division with 75,000 minicars a year starting in the fall of 1986.

The Desta APV, an under-$5,000 utility vehicle assembled in Greece using mostly Ford of Europe components, will be introduced about mid-April by Automotive Imports & Marketing, Phoenix.

"With the average price of a new car now exceeding $11,300 and that of a used car at the $5,200 level, many Americans find themselves priced out of the marketplace for a new car," said William Prior, president of Yugo America, in describing the market niche sought by these new entries. Yugo launch advertising, via Rosenfeld, Sirowitz & Lawson, New York, positioned the car as heir to classics of practical transportation, the Model T and the Volkswagen Beetle.

Although it only brought in 8,000 cars for sale, mostly in the Northeast, in 1985, Yugo attracted considerable press attention, and claimed that virtually all its cars were presold by dealers.

Yugo plans to complete its national network of dealers by summer and is aiming at sales of 40,000 in its first full year, through Aug. 31, and then 75,000 cars in the second year.

Also introduced in late 1985 was the Samurai, from Japanese maker Suzuki. A sort of subcompact Jeep, the Samurai is being marketed as both a truck and—with backseat added—a car. Suzuki is bringing in about 10,000 between Nov. 1 and March 31.

Hyundai will offer three-door and five-door hatchbacks and four-door sedans in its drive to sell 100,000 units in the U.S. in 1986. Distribution will begin in 31 states.

(Continued on Page 15)

HIGHLIGHTS

New products lifted food sales 4

Growth trends during the past year in food-store sales came from new products that expanded category volume, according to Selling Areas-Marketing Inc.

H&R Block files early 6

H&R Block will file three separate U.S. ad campaigns this tax season, hoping for returns even greater than the $457 million it made from helping taxpayers in 1985.

REGULAR FEATURES

ADVERTISING MARKETPLACE	21	DIRECT MARKETING	20	LETTERS	11
BRADY'S BUNCH	18	EDITORIAL	10	MARKETING BY MAIL	20
CON-SID-ERATIONS	10	FOR THE RECORD	25	PRESSTIME	8
CORRECTIONS & CLARIFICATIONS	6	GARFIELD ON THE LOOSE	29	REGIONAL NEWS	24

OTHER NEWS

The U.S. Army takes the offensive next month with a $17 million tv campaign. Page 18.

Westinghouse's $1.6 billion sale last week of its Group W cable holdings indicates established leaders will continue to dominate cable. Page 30.

COMING THURSDAY

Due to the holidays, Advertising Age Thursday *will not be published Jan. 2.*

Vol. 56, No. 100—ADVERTISING AGE (ISSN 0001-8899) is published twice weekly except once a week the first week in January, the first week in July, the fourth week in November and the fourth week in December at 740 Rush Street, Chicago, IL 60611. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, MI. 48207. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. $1.25 a copy on Monday, 75¢ a copy on Thursday. $55 a year, $100 two years. Add $143 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, vp-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, MI. 48207 (313) 446-0494.

West Coast news

Hills Bros. taps Riney

Hills Bros. is starting a new round of tv commercials, featuring actor Elliot Gould, for its Hills Bros. Gold Blend premium coffee. The ads were created by Riney & Associates, San Francisco, agency for Hills' sister company MJB Co. (AA, Oct. 7). The San Francisco-based coffee company, owned by Swiss-based Nestle SA, selected the Riney spots over the work of Hills Bros.' agency Cohen/Johnson, Los Angeles, in a creative competition, but Cohen/Johnson still is the agency of record. The product is rolling into Hills' western, midwestern and northeastern marketing territories after testing in Arizona and Wisconsin (AA, Oct. 24). It is Hills' first entry into the pre-

(Continued on Page 30)

Products

(Continued from Page 12)

flies the British Union Jack as its logo, was on a fast track in 1985. Selling 13 million pairs of shoes for sales of $275 million, it claims its aerobic and fitness-shoe unit market share reached 68%, comfortably outpacing competitors such as Nike, Foot Joy and New Balance. Now, during the coming year, it will jump into basketball shoes and sports clothes while trying to build its children's shoe and adult running-shoe businesses.

With origins dating back to 19th Century England, the company's shoes are worn by world-class runners such as Briton Steve Jones. Those tie-ins and Reebok's very British logo have prompted some retailers to promote the line under the theme "The British are coming." But 20th Century Reebok is a success story written in the colonies, not the mother country.

In 1979, Paul Fireman, an American marketer of outdoor equipment, obtained the license for Reebok in North America and by 1984 Reebok's U.S. shoe sales were $65 million. During that same year, Reebok moved its headquarters from England to Avon, Mass., and Mr. Fireman stepped up from licensee to president-ceo of Reebok

Reebok shoes
Jumping into U.S. market

International. In mid-'85, Mr. Fireman's original U.S. distributorship merged with Reebok International to become Reebok International Ltd., and went public in the U.S.

With most manufacturing now done in Korea rather than England and with a $6.5 million advertising and promotion budget handled by Maslow, Gold & Rothschild, Boston, Reebok International Ltd. makes no pretense that its British connection today is anything other than symbolic.

But it's an association that serves both Reebok and the British. One source at the British Trade Development authority in New York says British products are perceived as quality products in the U.S. Stressing that cachet and its belief that the U.S. market is a favorable one for British marketers because of exchange rates, the BTD has been encouraging its manufacturers to sell and promote more in the U.S.

This year they have. Food From Britain USA began an extended ad campaign this fall in Boston, via Warwick Advertising, and encouraged separate campaigns in other cities to dispel the notion that British food is bad. For 1985, British food imports to the U.S. were up 30% compared with last year. British manufacturers also got a boost this year from J.C. Penney Co. when that chain bought $50 million worth of British-made clothing for a storewide salute to Britain, which the Prince and Princess of Wales attended. And the U.K.'s Double Diamond Original Burton Ale also tried to tap the U.S. imported-beer market with a foray into the Northeast.

Even British auto makers are getting into the act. Since 1981, Jaguar has been the only British auto marketer in the U.S. The luxury marketer since 1980 has enjoyed more than a 500% sales increase and will have moved 20,000 cars, priced at more than $32,000 each, by the end of this year. Now, Austin Rover is poised to come back into the market by late 1986 or early 1987 in a joint venture with Honda.

In the fast-food industry, 1985 was the year of the "big burger," but of the menu marvels tried the most successful was **McDonald's McD.L.T.** sandwich.

The news in 1984 had been the rise of the so-called "gourmet burger" restaurants, where those same consumers who were telling

FORECAST & REVIEW

pollsters they were interested in more "healthy" foods such as sprouts and mineral water were lining up to buy half-pound burgers topped with every condiment known to foodservice. Fast-food chains responded by trying to develop even bigger and gloppier burgers than they had already.

On the West Coast, the Carl's Jr. chain rolled out the ⅓-lb. Western Bacon Cheeseburger. Roast-beef maker Arby's tested a ⅓-lb. burger, too. Marriott's Roy Rogers chain trotted out the Double-R-Bar Burger topped with smoked ham and cheese. In Milwaukee and Indianapolis, McDonald's tried the ⅓-lb. Cheddar Melt burger, topped with cheese and grilled onions.

The most noise was made by Burger King, which had the fast-food "coup" of the year when it increased the size of its Whopper—the original lettuce and tomato hamburger—from 3.6 ozs. to 4.2 ozs., thereby making it larger than any competitor's ¼-lb. burger. Burger King spent $30 million in eight weeks to announce the change and the results were awesome: Customers yawned and the chain's advertising-awareness score dropped. Former senior vp-marketing Don Dempsey is now over in the operations department.

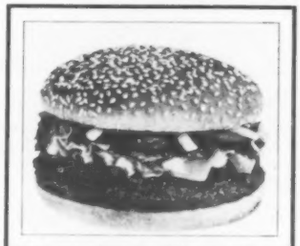
Only Wendy's, which had made a name for itself years ago by selling only big burgers that it always has admitted are messy (remember the "Hot 'n' juicy" and "Lots of napkins" campaigns?), sat out the hunt for the bigger burger. Instead, it added baked potatoes, chicken sandwiches and breakfast.

The idea of a lettuce-and-tomato-topped burger has been kicking around the McDonald's system for years. Such a sandwich was tested under the McFeast name off and on for years. Late in 1984 it resurfaced as the Lettuce & Tomato Special in Shreveport, La.

Barely a year later, McDonald's had the sandwich—rechristened the McD.L.T.—moved into all 6,800 U.S. stores, which probably means that Americans will spend more on McD.L.T.s in 1986 than they will in all the "gourmet burger" restaurants combined. So much for competitive threats to Big Mac.

If nothing else, the McD.L.T. represents some of the best news America's farmers got all year. McDonald's will use 800,000 tomatoes and 100,000 heads of lettuce *daily* preparing the sandwiches. Onion and pickle producers no doubt are dancing in the fields as well.

There's nothing terribly innovative about the product itself. It's basically the Quarter Pounder hamburger McDonald's has sold since 1972 (but for which sales have slowed lately) topped with tomatoes, lettuce, mustard, ketchup,



McD.L.T.
The hot and cold of it

mayonnaise, onions, pickles and cheese. As a press release from Needham Harper Worldwide's Phoenix office (where it handles the local co-op) points out gleefully, "That's more flavor than you'll find on any other sandwich in the quick-service restaurant industry!" Anything for an edge.

What separates the McD.L.T. from the Whopper, the Wendy's Single and the rest is its packaging. The twin-bay foam container in which the McD.L.T. is served was the brainchild of franchisee Will May in Nacogdoches, Tex. Burger and bun bottom are in one half, bun top and condiments in the other. The result, as initial advertising for the product stressed, is that "The hot stays hot and the cool stays cool," thereby answering the question, "Why, if we can put a man on the moon, can't someone serve a burger with lettuce and tomato that can stand up to a heat lamp?"

McDonald's has a tradition of good ideas from its franchisees. Jim Delegatti in Pittsburgh developed the Big Mac; Lou Groen in Cincinnati came up with the Filet-O-Fish, and Santa Barbara's Art Bender invented the Egg McMuffin. Will May says he explained his idea for the McD.L.T. package to McDonald's chairman Fred Turner by laying two square glass ashtrays end to end. Glass being too expensive, McDonald's went with foam.

McDonald's didn't waste time moving the McD.L.T. to national availability, and it didn't cut corners on the marketing side. The chain quickly signed Chicago Bears' 308-lb. rookie and cult hero William (The Refrigerator) Perry, shot a commercial and got it on the air during the Dec. 2 network matchup of the Bears and Miami Dolphins. That broadcast garnered higher ratings for that week than all but two other programs, edging even "Miami Vice."

Some companies just live right.

Syndicated tv reruns became the entertainment industry's biggest business with revenues from tv production outpacing theatrical films.

- Sales of MCA/Universal's "Magnum, P.I." reached $1.7 million per episode, a record price for an off-network hour syndicated show. Twentieth Century Fox's "The Fall Guy," with Lee Majors, sold for $1.1 million per episode.
- "Silver Spoons," a marginally rated half-hour comedy available for airing in 1987, presold in 27 markets for $70 million. If brisk sales continue, the NBC series could earn its producers an unheard of $1.5 million per episode for 116 shows.
- "The Honeymooners," the 1950s Jackie Gleason b&w half-hour comedy, made headlines when Viacom unearthed 52 new episodes thought to be lost. The comedy classics ran on the premium cable service Showtime. The shows became the focus of the pay channel's marketing campaign.
- Christian Broadcasting Network paid $1 million for the rights to Orion TV's sitcom "Green Acres."

Other shows of yesteryear, such as "Perry Mason," "Leave It to Beaver," "Wagon Train" and "The Rifleman" are finding new life on cable tv, consistently rating among the top 10 cablecast shows.

The nostalgia wave even reached commercials. Frito-Lay interspersed a spokesman with clips from "Mr. Ed," "Leave It to Beaver" and "Dragnet" to help sell its Tostitos brand. The clever $9.1 million campaign earned the 1985 Clio Award for confections/-snacks.

But this all isn't just a warm look back at tv's golden years. Sid Caesar stands to make a fortune syndicating 65 half hours of comedy culled from his legendary "Your Show of Shows" and "Caesar's Hour" for fall, 1986.

Others will follow the path to syndication riches in the near future. But while most think syndication will remain a lucrative business for years to come, it seems likely that the industry will not sustain the heady record-driven sales pace. The number of new cable channels and independent tv stations aren't expected to grow as quickly as in recent years.

This should lead to a more stable future market with prices leveling off for reruns, but until then the owners of tv series are smiling. Especially those responsible for "The Bill Cosby Show."

If shows such as "Webster" and "Silver Spoons" can sell for more than $1 million per episode in 1985, they figure "Cosby" could go for as much as $2.5 million per episode and be the big story next year.

Pump-dispensed toothpastes once were the new twist in an old category, but by yearend the new **plaque and tartar-fighting dentifrices** were the hot topic of conversation among dentists and consumers.

The reason for such high awareness is that Procter & Gamble and Colgate-Palmolive have spent more than $10 million apiece in the last half of the year, promoting new Crest Tartar Control Formula and new Dentagard plaque-remover toothpaste, respectively.

For 1986, industry observers expect $35 million-to-$50 million advertising and promotional budgets as Beecham Products, Lever Bros.

Dentifrices
Fighting tartar, plaque

and Johnson & Johnson join the plaque-and-tartar party with "adult" toothpastes of their own.

Yet some industry analysts criticize P&G's and Colgate's advertising efforts, saying consumers are confused about what is the difference between the two gum-disease-related problems.

"Ask most anyone what's the difference between the two and they say it's all the same," said a toothpaste product manager.

However, analysts caution that it is too early to draw conclusions about either company's marketing efforts.

And, although Colgate beat P&G to the starting gate by introducing Dentagard in April while P&G waited until June to roll Crest Tartar Control Formula out of test market, the Cincinnati-based household-products giant once again has firm control of the toothpaste category.

P&G recently posted a strong 35%-to-37% total Crest market share, up from a midyear 30.5% share—due primarily to its new Crest Tartar Control. The introduction of the Crest pump has not started showing up in market-share data.

During the same period, Colgate rang up a total 28% share, down about half a share point, while its Colgate brand alone pulled a 23% share, down five points from its spring peak of 28%. At that time, many analysts believed Colgate would overtake P&G as the market leader, but not anymore.

"P&G has done an effective job with marketing Crest Tartar Control Formula, while Colgate hasn't convinced consumers there's a difference between it and Dentagard," said Jay Freedman, household-products analyst, Kidder, Peabody, New York.

Adds Hugh Zurkuhlen, P&G watcher at Salomon Bros., New York, "What surprised me was how much P&G's share picked up with the introduction of Tartar Control—and it doesn't include the pump. It's now a two-toothpaste race between Colgate and P&G."

Mr. Zurkuhlen said Beecham's Aqua-fresh and Lever's Aim continue losing market share to both Colgate and P&G, although no figures were available.

At the same time, Chaska, Minn.-based Minnetonka, the company that was first in the plaque and pump-dispensed toothpaste category with Check-Up, successfully defended its market position through the initial onslaught by P&G and Colgate.

Check-Up has an estimated 4.5% share, a position that has not changed substantially since the introduction of the new Crest formula nor Colgate's Dentagard.

Minnetonka, through agency Bozell & Jacobs, Minneapolis, ran print ads in major consumer magazines and periodically dropped coupons in Sunday newspaper freestanding inserts.

Additionally, Warner-Lambert's Listerine was repositioned as a weapon in the fight against plaque.

While both P&G's and Colgate's toothpastes have received the seal of approval from the American Dental Assn.'s Council on Dental Therapeutics, the seal was granted because the toothpastes fight cavities, not because they reduce plaque or tartar.

The Chicago-based ADA is expected to unveil its plaque guidelines by early 1986, although industry observers say the guidelines already are "too late to make much difference" in the way plaque fighters are marketed.

Dishonorable mention

One of the hottest products of 1985, as it has been for several years, is illegal and often debilitating to users: Cocaine.

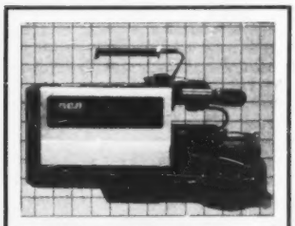
According to statistics from the National Institute on Drug Abuse, cocaine abuse shows no sign of declining. Mentions of cocaine as a contributing factor in cases handled by U.S. hospital emergency rooms were up again last year—a projected 12%, based on actual numbers for the first half.

More ominously, use by teen agers continues to grow rapidly. Last year, 6.7% of high school seniors surveyed by NIDA admitted using cocaine in the previous month, up from 5.8% in 1984 and 4.9% in 1983.

Cocaine abuse has spread to the workplace, reaching epidemic levels in some fields, drug experts say. Cocaine's effect on the lives and work of people in advertising was explored in a two-part Advertising Age series (AA, Sept. 23, *et seq.*).#

News

(Continued from Page 17)
full-size VHS models by several makers, camcorders should supplant two-piece models as the portable video system of choice. Camcorders are now available in four basic formats: VHS, VHS-C (a compact VHS format), Beta and 8mm.



Camcorders
Upgrading the vcr market

RCA, General Electric, Magnavox, Panasonic and several other electronics companies will have full-size VHS models on the market early this year. Before introduction of the standard VHS format, consumers with VHS vcrs at home were forced to use the compact format, whose tapes are only 20 minutes long. VHS deck owners now can purchase the standard format camcorders that play tapes up to two hours in length.

With more than 20 million VHS vcrs in use and total vcr penetration approaching 30%, industry observers expect a camcorder boom this year. Most camcorder purchasers, it is expected, will select a unit that is compatible with their home vcrs.

FORECAST & REVIEW

The biggest drawback to camcorder sales will be their price. Most models retail for more than $1,500, causing many retailers to believe consumers are awaiting the rapid drop in price that is now common about a year after new technology hits the market.

The ultra-compact 8mm format, whose tapes are about the size of an audiocassette, is expected to receive its greatest acceptance among consumers who don't own vcrs. Those consumers will be able to purchase 8mm decks for playback. Only three companies—Kodak, Canon and Sony—had 8mm decks on the market in the fourth quarter, but several others are expected to join the fray early this year.

The 8mm format, decks and all, will really take off once videocassette marketers see it as a viable option that is here to stay—unlike Beta—and begin to produce 8mm software for playback.

General Electric and Polaroid marketed 8mm camcorders in 1985, though neither company had a home deck on the market. Camcorders in the 8mm format are priced about the same as VHS and Beta units, but because there is so little competition in the 8mm vcr category, those units are priced very high. While a mid-line VHS or Beta deck can be had for $400 or less, 8mm decks were retailing for $1,500 or more in '85.

Nonetheless, a spokesman for Sony said fourth-quarter demand for 8mm was so strong, the company was "flying 747 jumbo jets of them in from Japan."

The stand-alone 15-second commercial, one of the most significant developments in commercial tv in 10 years, got off to a running start in 1985. In 1986, the revolution will be well under way.

Like most revolutions, the solo 15 will have its detractors and supporters. But one fact remains certain: The unit will come into widespread use before the year is out.

This was the year the 15-second ad worked its way into mainstream use and advertiser consciousness. A Television Bureau of Advertising survey shows that an average of 5,500 15s were run weekly from January to September.

That pace marked a 228% increase from 1984. While TvB did not project use into this year, some industry experts have estimated that use will double, if not triple, by yearend.

The move to 15s has some far-reaching ramifications, both for advertisers and the tv industry. Increased clutter is the most immediate one; all agree this could lead to a deterioration in tv's effectiveness.

Clutter aside, there's an irresistible lure to the 15. The networks see a way of building their revenue base by attracting marketers who have been shut out from the high-price world of network tv; so far, 15s sell for half the cost of a 30.

This would have the effect of drawing some advertisers away from magazines, cable and, most important, syndication. Only CBS-TV sells solo 15s throughout its commercial schedule. ABC-TV sells 15s in lieu of 10s on news, sports and business briefs.

NBC-TV remains resolute in its stand against 15s, a stand that is expected to be modified once the network begins losing business to its rivals.

Marketers have been ambivalent. Major package-goods companies see it as an excellent tool to build frequency for brands, especially those hurt by rising costs in tv. Unfortunately, the 15 allows smaller competitors into *their* formerly exclusive domain.

There's a big creative issue as well. Directors, comfortable in the 30-second world, are loath to break new campaigns in the 15-second mold. But this could change as well.

Sophisticated users are exploring ways of kicking off campaigns via 15-second spots.

The solo 15 has set off a chain reaction in network tv that will gain momentum in the coming months. No longer content to think about tv in terms of 30s or 60s or even 15s only, some advertisers want a medium unfettered by any prescribed lengths. Clorox Co. has asked the networks to sell solo 20s. ABC is thinking of selling advertisers 60-second pods, to be divided any way the advertiser wants.

Could 1986 be the year tv ends up looking like the back pages of some magazines?#

Ford makes music with compact player

By CLEVELAND HORTON

Ford Motor Co. will become the first U.S. auto maker to include a compact-disc player as a factory option next spring as part of a 140-watt audio system for its high-end 1986 Lincoln Continentals and Town Cars.

Japan's Mazda Motor Corp. also is expected to introduce a compact-disc player in the U.S. next spring for its top-of-the line RX7 GXL model.

Ford's audio system, which features 12 speakers, was designed in conjunction with loudspeaker marketer JBL Inc., Northridge, Cal. Print and radio ads are themed "The concert continues with the Ford/JBL system," which was introduced in October. Wells, Rich, Greene, Detroit, is agency for the Lincoln-Mercury division.

Don Duncan, planning, marketing and sales manager for Ford's audio products group, said Ford expects 20% to 30% of Town Car and Continental sales will include the optional audio system.

The audio system adds just over $500 to the cost of the music option. Although the company hasn't set a price on the compact-disc player, it is expected to be in the $600-to-$800 range.

Only 3% of Lincoln-Mercury division customers settle for a factory-installed radio, opting instead for a stereo system.

Earlier this year in Japan, Mazda added a compact-disc player as an option for its Familia model, which is sold as the 323 in the U.S. The factory-installed cd player for its RX7 GXL will be built by Pioneer Electronics. Foote, Cone & Belding is Mazda's agency.#

Apple won't bite into Super Bowl ads

By CLEVELAND HORTON

Apple Computer's decision not to participate in the upcoming telecast of Super Bowl XX is either an indication of the personal computer marketer's maturity or a sign that its long-term vision went out the door with founder Steven Jobs.

The company, whose bold tv commercials dominated the last two Super Bowls, doesn't plan to sit on the marketing sidelines entirely, however. It's planning a media event in mid-January with a conference called AppleWorld in San Francisco.

There, Apple executives will present the Cupertino, Cal.-based company's goals to industry analysts and the press.

Apple changed its course after a difficult corporate reorganization this year. While Mr. Jobs vowed to put "a Macintosh computer on every desk," current president-ceo John Sculley has a different vision: He's inclined to find appropriate desktops and market selectively to the people sitting behind them.

A former Apple marketing manager applauded the company's decision to cut its advertising excesses. "They've proven they can waste more money than anyone else," he said. "They have to concentrate now on market development, not just awareness."

Apple defends its decision to pass on tv's most expensive time.

"During the last two Januarys, Apple had something fairly dramatic to say," said Bruce Mowery, advertising and sales promotion manager. "This year, we don't feel we have a strong enough message."

However, Apple is widely rumored to be planning two significant January product introductions: A more powerful Apple II and a faster Macintosh that will enable those lines to share software and peripherals.

Undoubtedly, the high cost of Super Bowl tv time played a large part in Apple's decision to shun the big game. Although the company projected it would end its first fiscal quarter with record earnings, it earned those profits on reduced sales, compared with the previous year. Mr. Sculley has said he wants the company to become more profitable in 1986 on flat sales.

Apple Computer scored a grandstanding touchdown during Super Bowl XVIII with its breakthrough announcement of the Macintosh computer with the eerie "1984" spot. While the commercial ran only once, its impact was magnified by countless news stories.

Apple's controversial "Lemmings" spot the following year did not gain the critical success of its predecessor but drew much attention from the press and public.

Some think Apple is missing an opportunity by staying out of Super Bowl XX. Bill Kelley, vp-management supervisor, Keye/-Donna/Pearlstein, Los Angeles, said, "If they had stayed in the Super Bowl, it would have been an opportunity to make up for the missed communication last year."

Greg Helm, director of client services at Chiat/Day, Los Angeles, Apple's agency, though, said, "I don't know that 110 million Americans are expecting an ad from Apple." He insisted that Apple's media strategy would be noted only within the advertising and personal computer industries.

Apple marketing head Michael Lorelli dismissed the possibility of a backlash to the decision to abandon the Super Bowl. "In the business arena, our marketing efforts are more selective, both in the present and the future."

Apple posted its first quarterly loss in the third fiscal quarter last year, largely attributed to its reorganization. The company released its projections for the first fiscal quarter earlier this month, stating it will post about $52 million in earnings, its most profitable quarter ever.#

SAMI

(Continued from Page 4)
from the increased warehousing of Dannon (versus direct store delivery) in a number of markets.

Continuing gains were found in refrigerated Mexican foods (up 13%) and refrigerated salad dressings and sauce (up 11%).

There were three SAMI refrigerated food categories with an increase in dollars exceeding $100 million: Orange juice (up $131.3 million), warehoused yogurt (up $131 million) and lunch meat (up $102.4 million).

Health & beauty aids

Much of the action in health & beauty aids categories represented a holdover from trends detected in 1984, particularly increases for hair-setting needs (primarily hair-styling mousse products), eye-care products, sleeping aids and stick deodorant/antiperspirants.

Other h&ba categories with annual food-store retail sales increases of more than $25 million included internal analgesics, where new products such as American Home Products' Advil, Bristol-Myers' Nuprin and Procter & Gamble's Encaprin added year-to-year volume.

New pump dentifrices and plaque-tartar formulations can be credited with some of the $64 million increase in toothpaste sales.#

WILL JORDAN
AS
GENERAL PATTON

"YOUR PERFORMANCE WAS EXCELLENT! HAPPY TO RECOMMEND YOU TO ANYONE.."

SYNTEX
DENTAL PRODUCTS
SALES MEETING
MONTEREY, CALIF.

For Info Contact Will Jordan
212-265-1652

A fool and his money are soon parted.

Ben Franklin said it, and maybe he was too harsh. In today's world, you don't have to be foolish to be taken—just careless.

Consumers and ethical business lose millions of dollars every year to con artists who pass themselves off as legitimate businesses.

If someone tries to get you to part with your money, and you have doubts, call your Better Business Bureau.

The BBB provides pre-purchase information, complaint assistance, reports on charitable solicitations and help with advertising questions.

The Better Business Bureau—sponsored by ethical business to make good business even better.

For more information about how the Better Business Bureau system makes the marketplace better for consumers and business, contact The Council of Better Business Bureaus, 1515 Wilson Boulevard, Arlington, VA 22209. (703) 276-0100.

BBB

HMOs reach for mainstream status

Regional plans boost ad buys to gain edge

By JULIE FRANZ

Health Maintenance Organizations have become one of the fastest-growing categories of regional marketers.

This year, these health plans shed their image as alternative providers to become part of the mainstream in the eyes of both employes and employers. In 1986, they are expected to continue their rapid growth, boosting ad buys in some of the nation's most lucrative markets.

The New York market should outpace the rest of the nation because several Jewish-sponsored hospitals there have formed a pre-paid health plan, said Randall Huyser, health industry analyst, Montgomery Securities, San Francisco. Heavy competition is expected to continue in California, particularly the Los Angeles and San Francisco markets.

This year, HMOs spent an estimated $100 million on advertising, up 50% from last year, according to industry sources.

During the same period, HMO membership rose 25% to 8.9 million, as these health plans entered new markets.

The abundance of opportunity in the field lured 92 new programs into the fray, bringing the total number of prepaid health plans in the U.S. to 383.

Membership and ad spending will continue to snowball as independent and national, publicly traded HMO networks begin to hook up secondary markets.

"HMOs are starting to get the credibility they need to grow because people are happy with the care they are receiving and employers are happy with the money they're saving," said David Hallis, senior vp-marketing for MaxiCare Health Plans, Hawthorne, Cal., one of the category's top five networks.

HMO enrollments

Source: Randall Huyser, a health industry analyst in Montgomery Securities, San Francisco.

State	1984	1985
California	5,300,000	5,900,000
Michigan	645,000	904,000
Wisconsin	577,000	845,000
Illinois	629,000	815,000
Ohio	501,000	719,000
Florida	401,000	641,000

In more established markets, the question has become not whether to sign up with an HMO but which HMO to use.

Major West Coast aerospace companies require new employes to sign up for HMO coverage and sources say workers at General Motors Saturn plant will be offered only HMO coverage.

What makes the health plans attractive is the medical care offered at a set rate, without deductibles or co-payments.

Families with children and the elderly generally realize the highest savings.

Next year, most HMOs will spend their advertising dollars to dispel the impression that medical coverage under these plans is restrictive and substandard.

"You're not giving up anything; you do have a choice of providers," is a message expected to be used by many, said Mr. Hallis.

In Southern California, MaxiCare just completed an eight-week tv and radio campaign addresing that problem.

The tv spots featured closeups of six doctors leaning into the camera, advising, "Say ah." Chiat/Day, Los Angeles, is MaxiCare's agency.

The introduction of Preferred Provider Organizations—or PPOs—also is expected to spur growth in the field.

Unlike HMOs, PPOs require a lower fee from employers, but often charge employes co-payments and deductibles for care. PPOs also pay for a portion of care given by physicians or hospitals not under contract.

HMOs will begin offering PPOs as an incremental product in an attempt to gain access to larger segments of the population, Mr. Huyser said.

Industry analysts agree traditional insurance companies are in the best position to take advantage of additional coverage plans. Then they can advertise traditional insurance, HMO and PPO coverage in an effort to be all things to all people.

"The field is relatively new, and we want to make people realize that it's a value—in cost and in its delivery system. It also removes many of the obstacles traditionally standing [in the way of a] member's good health care," said Mr. Hallis.#

Preferred Care's ads promote the cost efficiency of a Health Maintenance Organization. Ads stress $3 doctor appointments, periodic physical exams and immunizations. Preferred Care is the largest Rochester-area HMO, with 85,000 members—a 27% increase over last year. Hutchins/Young & Rubicam created the $270,000 campaign, themed "Handle with care."

Plans boost ad budgets

By JUDITH A. BILTEKOFF

An unusually high percentage of enrollees has Rochester, N.Y., Health Maintenance Organizations dividing to conquer.

Blue Cross/Blue Shield of Rochester is offering two separately designed and promoted programs to a market where 30% to 35% of those under 65 already belong to an HMO. That number is expected to grow to 43% in 1986; the industry average is 13% to 15%.

Blue Cross' two programs—Blue Choice and Genesee Valley Group Health Assn.—combined have 102,000 members. The programs differ slightly—but both tout BC/BS affiliation.

With three area centers, Genesee boosted its ad budget 57% this year to $220,000—but saw only a 13% enrollee increase. Genesee has 43,000 members.

Blue Choice, which affiliates with individual practices, outdistanced Genesee by pulling in 50,000 members on Jan. 1, its first day of operation. Membership is expected to increase markedly next year when Blue Choice opens an "over-65 facility," said Bob Vogel, executive director.

The company would not comment on its advertising budget, but said it plans to continue to heavily advertise Blue Choice. Blue Choice competes with two agressive marketers: Rochester Health Network and Preferred Care.

Preferred Care is the largest Rochester-area HMO, with 85,000 members, a 27% increase from last year. This year, it spent $270,000 on its "Handle with Preferred Care" campaign. Hutchins/Young & Rubicam, Rochester, handles.

Rochester Health Network is the biggest advertiser in the market, spending $300,000 to promote itself as the "Network that cares about you." Broadcast is handled by Flynn Associates; DeFranco Associates is the agency for print.#

Ad Age on the air

NEW YORK—A capsule report on the latest advertising and marketing trends airs here daily at 7:50 a.m. on WMCA Radio (570 on the am dial). The live broadcast, part of WMCA's "Breakfast with Bob & Betty" format, features ADVERTISING AGE editor Fred Danzig.#

Boston HMOs switch strategy to competition

By ALAN RADDING

Health Maintenance Organization advertising in Massachusetts will shift from an informational to competitive approach in 1986.

Until recently, HMOs informally agreed on educating the public on the health plans, said Jennifer Neville, account exec, Altaman & Manley, a Cambridge, Mass.-based ad agency handling Multigroup Health Plan.

With a combined 16% market share, the top HMOs—Harvard Community Health Plan, Bay State Health Care and Multigroup—are boosting ad spending to create name recognition. The three spent $3 million to $4 million in advertising in 1985, up about 10% from 1984, industry observers estimate.

Total HMO advertising may run about $6 million in 1986, they conclude.

HCHP, which had the HMO market virtually to itself until the late 1970s, leads the pack with more than 200,000 subscribers, up about 15% in the past year. BSHC is the second largest HMO in the market with 130,000 subscribers, followed by Multigroup with 65,000 subscribers.

Only recently have the plans begun to take competitive swipes at each other.

BSHC just completed an aggressive radio campaign positioning it as "the doctor's plan" as opposed to the other health plans it says are "run by accountants." Clarke Goward Fitts, Boston, former agency for HCHP, now handles BSHC.

Although some observers see BSHC's advertising as being aimed at HCHP, account exec Christina Lamb disagrees, "We always position against the market leader," which is Blue Cross/Blue Shield of Massachusetts, Boston, a traditional health insurance plan.

Multigroup calls itself "the best" in five radio and tv spots. The HMO anticipates healthy growth at the expense of traditional health insurers. "Traditional insurance plans are quickly becoming a thing of the past," said Ms. Neville.

But insurance companies are responding to the plans by coming up with their own HMOs or creating traditional coverage plans that resemble HMOs.

For example, Blue Cross, which has a 55% share of the health-coverage market, has set up its own staff model HMO, Medical East, in the Boston market. For people who still want traditional health insurance, BC/BS has developed Master Health Plan, a program which eliminates much of the paperwork associated with conventional health insurance.

Hospitals in the area are attempting to cooperate with the HMOs instead of fighting them.

For instance, Brigham & Women's hospital has set up a special relationship with HCHP to handle all its major hospitalization.

The statewide hospital association also is gearing up a low-key media campaign informing the public about the role of the hospitals in the community.

Smaller hospitals, such as Central Hospital in Sommerville, are scrambling to fill special niches, such as alcohol-abuse treatment.#